
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**THE ACCOUNTING OF THE SOCIAL
SECURITY ADMINISTRATION'S FUNDS
IDENTIFIED FOR RECOVERY AS A
RESULT OF THE OFFICE OF THE
INSPECTOR GENERAL INVESTIGATIONS**

July 2001

A-15-99-82016

***MANAGEMENT
ADVISORY REPORT***



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

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The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

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- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

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- Independence to determine what reviews to perform.**
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Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.



SOCIAL SECURITY

MEMORANDUM

Office of the Inspector General

Date: **JUL 18** 2001

Refer To:

To: Larry G. Massanari
Acting Commissioner
of Social Security

Inspector General

Subject: Management Advisory Report: The Accounting of Social Security Administration's Funds Identified for Recovery as a Result of the Office of the Inspector General Investigations (A-15-99-82016)

OBJECTIVE

The objective of this Management Advisory Report was to assess the Social Security Administration's (SSA) accounting for the Office of the Inspector General (OIG) investigative activities resulting in court-ordered restitution, scheduled recoveries, or fines. These actions are defined as:

- **Court-Ordered Restitution** - a court-ordered repayment claimed from a criminal case after sentencing; can be SSA or non-SSA program related;
- **Scheduled Recoveries** - a planned repayment, not ordered by the courts, of funds to which an individual was not entitled; can be SSA or non-SSA program related. These recoveries do not represent actual funds collected;
- **Fines** - penalties imposed by the courts or special assessment fees imposed upon conviction in a criminal case or judgment in a civil case; can be ordered to be paid specifically to SSA or to the court; and
- **Settlements/Judgments** - a settlement is a non-court-ordered payment resulting from a civil action. A judgment is a court-ordered payment resulting from a civil action either through the Department of Justice (DoJ) civil proceedings or the civil monetary penalty program.

BACKGROUND

SSA has established a Debt Management System (DMS) that is composed of several partially integrated subsystems that provide debt information. One of these subsystems is the Recovery of Overpayment Accounting and Reporting system (ROAR), which tracks title II debts. The ROAR system tracks the cause and amount of the overpayment, actions against the overpayment record, and the status of repayment, including any remittance agreements, waiver and/or reconsideration information. Each time an overpayment is initially established, the ROAR and the Master Beneficiary Record (MBR) interface to accurately capture the information. The MBR is a record of title II payments and eligibility.

Two other subsystems of the DMS are the Overpayment Underpayment Process System (OUPS)¹ and the Recovery and Collection of Overpayment Process (RECOOP). OUPS reports title XVI debts and is responsible for the reporting of overpayment and underpayment totals for both SSA and the States participating in the Supplemental Security Income (SSI) program. The RECOOP system bills non-active title II and XVI beneficiaries for overpayments.

SSA also tracks other programmatic account receivables through the Accounts Receivable System (ARS). ARS reports and monitors the status of funds due from and to the Department of the Treasury for both title II and title XVI programs. Transactions performed by this system include non-receipt payments and stop payments.

The process for posting an overpayment begins by posting the debt to a beneficiary's program record. SSA may perform a preliminary review on the overpayment, which may have been created from the annual earnings test or changes in an individual's eligibility factors recorded on the account. Depending on the information obtained from this assessment, SSA may refer the case to OIG for investigative review, or they may recoup the overpayment through offset procedures or the RECOOP system.

SSA's accounts receivable balance as of September 30, 1998, was \$5.727 billion. SSA's accounts consist mainly of monies due to SSA from individuals who received funds for which the individual was not entitled under the Old Age and Survivors Insurance, Disability Insurance, SSI, and Black Lung programs. SSA collected \$1.9 billion on accounts receivable in Fiscal Year (FY) 1998. OIG's Office of Investigations (OI) activities are included in the accounts receivable balance and are part of the dollar universe collected by SSA. Currently, there is no separate system, set of accounts or flags to identify, classify and account for OI investigative activities.

OIG developed and continues to refine the Allegation and Case Investigative System (ACIS). This system is used to record data related to criminal and civil investigations including SSA funds identified for recovery. To meet the requirements of the Omnibus

¹ Subsequent to our fieldwork, OUPS was replaced by the modernized overpayment/underpayment reporting system.

Consolidated Appropriations Act of 1997 ², we reported \$23,369,460 of SSA funds identified for recovery as a result of OI activities during FY 1998 broken down as follows:

Types of Funds	Dollar Amounts
Court-Ordered Restitution	\$ 7,932,156
Scheduled Recoveries	15,158,149
Fines	53,275
Settlements/Judgments	225,880
Total Funds	\$ 23,369,460

As of the end of our fieldwork, SSA had collected approximately \$954,000, or 9.1 percent of the \$10.5 million total dollar amount of the 1998 cases we reviewed.

According to the DoJ, collecting all court-ordered restitution in a criminal case is the sole responsibility of DoJ staff. Such monies are collected on behalf of the client agencies. Under current procedures, DoJ's responsibility for collections continues, even though the convicted individual may be released from probation status. The physical payments flow through the relevant court clerk, who then disburses such funds to the client agencies.

SCOPE AND METHODOLOGY

The objective of this review was to assess SSA's accounting of OI investigative activities resulting in court-ordered restitution, scheduled recoveries, or fines. We did not review settlements/judgements. To accomplish our objective, we:

- Took a non-statistical sample of 256 cases from the OI ACIS system for FY 1998. The dollar amount of these cases was \$10.5 million, or 45 percent of the total SSA funds identified for recovery reported in the FY 1998 Social Security Accountability Report;
- Obtained MBR and Supplemental Security Records (SSR) for each case selected. Personnel from SSA Office of Systems and OIG assisted in determining whether SSA had posted the overpayment amounts to a program record;
- Reviewed SSA's Program Operations Manual System (POMS) pertaining to the recording of overpayments;
- Reviewed the OI Special Agent Handbook pertaining to the documentation of monetary recoveries;

² Public Law No. 104-208.

- Interviewed staff members of SSA's Center for Integrity and Security Support; Division of Program System Requirements; Office of Finance, Assessment and Management; Office of Public Service and Operations Support; Mid-Atlantic Program Service Center (MATPSC); and OIG to obtain an understanding regarding the recording of accounts receivable to the DMS and ACIS.

We conducted our fieldwork at SSA Headquarters in Baltimore, Maryland from May 1999 through April 2000.

Due to the interrelationship between SSA's accounting for OI's investigative recovery activities and OI's reporting of such activities to SSA, OIG's Office of Audit (OA) reviewed OI's investigative reporting procedures related to recoveries. Because of the lack of organizational independence between OIG's OA and OI, the results and recommendations that pertain to OI were reported to OI as part of a separate internal OIG report.

RESULTS OF REVIEW

For our non-statistical sample, we selected 256 OIG-OI closed cases claimed as recoveries in FY 1998, which included 143 scheduled recoveries, 107 restitution by court-order, and 6 fines (10 other fines were reviewed, but they were part of court-ordered restitution cases). The following results are based on our review of these cases.

DIFFERENCES BETWEEN FUNDS IDENTIFIED BY OI INVESTIGATIONS AND THE AMOUNT OF ACCOUNTS RECEIVABLE POSTED BY SSA

SSA had posted accounts receivable balances for 228 (135 scheduled recoveries and 93 restitution) of the 256 restitution and scheduled recoveries that we reviewed. For the cases that were posted, we determined that a net difference of \$830,356 existed between the dollar amounts reported in the OI ACIS system and the MBR and SSR for each individual account record. These differences represent 97 cases in our sample.

Based on discussions with OI and SSA personnel, overpayments involving possible fraud are reviewed by OI and then forwarded to the appropriate SSA field office for review of eligibility criteria and overpayment amount determination. SSA does not have a written policy in place to notify OI with documentation that a recovery has been posted after the investigation, including amounts changed or recomputed by SSA personnel for administrative purposes. As a result, there is evidence that SSA's accounts receivable balance may be misstated.

COURT-ORDERED RESTITUTION RESULTING FROM INVESTIGATIONS MAY NOT BE REFLECTED IN SSA'S DMS

We reviewed 107 cases classified by ACIS as court-ordered restitution. We determined that SSA did not post 14 of these cases, totaling \$746,189, to a program record. This represents 7.1 percent of the \$10.5 million we reviewed. SSA has a responsibility to track all civil judgments and court-ordered restitution to be paid to SSA by the courts and to apply credits to the proper account when the funds are received. However, SSA relies on other entities to submit the relevant information to them regarding court-ordered restitution. If this information is not made available to SSA, then SSA cannot post the restitution. Nonetheless, it is SSA's responsibility to have procedures in place to ensure that these entities provide this information to SSA on a timely basis. When this data is not provided timely, it is SSA's responsibility to take appropriate action to obtain that information.

We contacted MATPSC staff for clarification on the reporting process for any court-ordered restitution. All restitution documentation is handled at MATPSC. As restitution payments are received from the clerks of the courts, they are recorded against the receivable. The remittance may contain identifying information, which will allow SSA to post the restitution amount to the MBR or SSR record of either the subject of the investigation or the victim of the fraud. SSA staff stated that in some cases, money received may not have any information identifying the specific account or case. When this happens, MATPSC staff will pull the completed Form OI-68, Report of Court Ordered Restitution/Judgement. This form is completed for every case in which a court orders a defendant to return or pay funds to SSA. The OI-68 contains all the necessary information to identify the remittance. OI sends the OI-68 to MATPSC when the investigation is closed. However, in some cases, neither the subject nor the victim has received benefits, and as a result, there is no program record to post the restitution against. SSA's process for recording restitution in these instances was not automated. Court-ordered restitution amounts and payments were annotated and tracked on 3"x5" index cards. These types of cases would include such things as fraud cases where money was taken from SSA, and there is no beneficiary record to be charged. For current restitution cases, they have developed an electronic data base file.

The effect of not recording court-ordered restitution is that SSA's accounts receivable balance may be understated, and money owed to SSA may not be collected. For example, 2 of the 14 restitution cases not posted by SSA, totaling \$173,008, show that the convicted individuals are in current pay status. These two individuals, who owe money to SSA as a result of a court-ordered restitution, are receiving monthly benefit checks from SSA. SSA is not collecting from these two individuals because DoJ is responsible for collecting court-ordered restitution in criminal cases for the client agencies.

OI SCHEDULED RECOVERIES ARE NOT ALWAYS POSTED BY SSA TO THE DMS

We reviewed 143 cases classified by ACIS as scheduled recoveries. Based on our review, six scheduled recoveries totaling \$237,806 were not posted by SSA to the DMS. This represents 2.2 percent of the \$10.5 million we reviewed. SSA's initiation of withholding future payments will constitute a scheduled recovery. In addition, we noted 2 cases of the 143 scheduled recoveries, totaling \$1,676,800 that consisted of non-SSA funds. SSA appropriately, did not post these cases.

Our review of SSA's POMS indicated there was no written policy to ensure that the OI's scheduled recoveries are posted to SSA's DMS. Specifically, POMS does not specify the type of documentary evidence that SSA is to provide OI to indicate that the recovery was posted to the DMS. The effect of not recording scheduled recoveries is an understatement to SSA's accounts receivable balance, and also, there is the potential that SSA will not collect money owed to the Agency.

OTHER MATTERS

In addition, we noted that SSA had posted 11 cases totaling \$503,816 to their DMS for which the subject was in current pay status, and SSA had not collected any of the debt owed. Four of these 11 cases are by court-ordered restitution. Based on our review of POMS, GN 02201.055 B.2, if any benefit payments become due after conviction, benefits are to be withheld for the full amount of the monthly benefit until the overpayment is collected. Therefore, SSA lost the opportunity to immediately collect amounts owed from current benefit payments.

STATUS OF COLLECTIONS ON THE CASES REVIEWED

Through our work, we determined that SSA is responsible to collect only \$8.8 million of the \$10.5 million owed to SSA in the cases we reviewed. At the time of our fieldwork, SSA had collected \$954,073 of the \$8.8 million (10.8 percent) in these cases.

ISSUES TO BE ADDRESSED BY OI

We advised OI of our findings under a separate internal report. The following issues are discussed in that report:

- The impact of the differences between OI claimed recoveries and the amount of accounts receivable posted by SSA on OI's claimed recoveries as a result of OI not monitoring cases after closure to ensure proper postings;
- OI's responsibilities for informing SSA of court-ordered restitution to ensure accurate reporting through consistent completion of reporting form (OI-68);
- OI's responsibilities for providing documentation to SSA for scheduled recoveries and appropriate follow-up records to ensure recoupment of program losses;

- Correct reporting of SSA funds identified for recovery versus non-SSA funds identified for recovery.

The following information provides a status of the actions that have been taken to address these recommendations. It is noted that sections of the OI Special Agent Handbook that addresses the procedures mentioned in this report have been revised twice since FY 1998. The OI-68 form referred to was revised June 1, 1998, as a result of discussions with various SSA components. The form used during the first 8 months of FY 1998 was considerably different from the one used during the final 4 months of the year. OI and SSA have had numerous meetings to discuss many of the necessary changes to the process described in the report.

On an ongoing basis, OIG will follow up on cases to ensure that SSA has properly posted the items as accounts receivable and determine whether SSA has waived any of the funds identified for recovery. OIG will also work with SSA to perform periodic reconciliations between ACIS and SSA's DMS.

OI has also made numerous requests of SSA to reconfigure its DMS to allow OIG to electronically determine what has been posted and paid as a result of OIG-OI investigations. SSA has not placed this project in its 5-year systems plan.

CONCLUSIONS AND RECOMMENDATIONS

Based on the information contained in this report, we recommend that:

1. OI management and SSA work together to develop, formalize and implement procedures regarding how OI investigative recoveries are to be posted to and reported by SSA's DMS. Specifically, we recommend that the procedures include:
 - (a) the calculation method for all amounts to be recovered;
 - (b) OI communication of the investigative activities to proper SSA personnel; and
 - (c) documentation that SSA is to provide to OI to verify that the funds identified for recovery were posted to SSA's DMS. We recommend that the procedures be incorporated in both SSA's POMS and OI's Special Agent Handbook. In addition, SSA needs to configure their DMS to allow OI to electronically determine what has been posted and paid as a result of OI investigations. OI should also be able to determine if SSA has waived any of the funds identified for recovery by OI. A periodic reconciliation between ACIS and SSA's DMS is advised.
2. SSA should diligently pursue the withholding of a portion of the benefit checks for individuals in current pay status that owe debt to SSA.

3. SSA should establish procedures to post cases that do not involve a beneficiary record. (e.g. employee fraud)

AGENCY COMMENTS

In response to our draft report, SSA agreed with our recommendations. The full text of SSA's comments is included in appendix B. SSA has been working with OIG to improve all aspects of the process for accounting for funds identified for recovery as a result of OIG investigations. SSA has also formed the Debt Collection Workgroup to develop a process and system for controlling debts owed by individuals not entitled to Social Security benefits, such as employees who have committed fraud.

SSA provided additional comments relating to other matters addressed in our report. Their comments are as follows:

- OIG's report refers to SSA's lost opportunity to collect court-ordered restitution involving beneficiaries in the current pay status. The report also states that DoJ is responsible for collecting court-ordered restitution. These statements reflect contradictory SSA/DoJ responsibility.
- The objective of OIG's review does not reflect the proper sequence of events involving investigative activities and court-ordered restitution, scheduled recoveries or fines.
- Regarding the issue on the differences between the amounts of funds identified by OI investigations and the amounts of SSA accounts receivable, it is unclear whether OIG considered certain items as possible, contributing reasons for some of these differences.
- SSA did not agree with suggested correlation between the lack of an SSA policy for notifying OI that a recovery has been posted and a misstatement of the Agency's accounts receivables.

OIG's RESPONSE

We acknowledge the steps SSA has taken to work more effectively with OI regarding investigative activities resulting in overpayments and posting the overpayment amounts to the program record. However, there were several other matters that SSA commented on regarding our report. The following addresses each of their concerns:

- There were 11 current pay status cases in which SSA was not collecting amounts owed from current benefit payments. Seven of the 11 cases were not court-ordered restitution. After verifying our records, we found that two of the cases are withholding benefits. However, these withholdings are being applied to other outstanding overpayments. The remaining five cases reflect that the individual is collecting benefits while an overpayment is on the program record and no monies are being collected.

Four of the 11 cases were court-ordered restitution. We understand that SSA is prohibited from collecting from these individuals because DoJ is responsible for collecting court-ordered restitution. SSA needs to initiate and develop a Memorandum of Understanding (MOU) with DoJ, which would allow SSA to collect money from individuals in current pay status. OIG is agreeable to review and comment on any MOU that SSA develops.

- SSA suggested we modify the wording of our objective to reflect the proper sequence of events with regards to accounting for OIG investigative activities. This change is reflected in our report.
- SSA was unclear whether OIG considered contributing reasons for the differences between amounts identified for recovery and recorded through ACIS and the DMS. During our review, we noted that the 97 cases (55 scheduled recoveries and 42 court-ordered restitution) within our sample had different amounts reported in ACIS and DMS. There may be various reasons for these differences. For example, during interviews with SSA personnel from the Center for Integrity and Security Support and the Office of Systems Security and Program Integrity, it was stated that overpayment amounts are often changed after an investigation has been closed. These changes in overpayment amounts occur because SSA personnel recalculate the initial overpayment. In addition, when the court has adjudicated a case and imposed a court-ordered restitution, the amount may include fines and court imposed penalties. Fines and penalties are not separately reflected on the program record, which makes it difficult to determine if the difference is a result of fines and/or court imposed penalties.

SSA did not agree with OIG's conclusion that a misstatement of the Agency's accounts receivables may occur because SSA does not have a policy for notifying OI that a recovery has been posted. Our conclusion was meant to show the effect that a lack of policy could lead to the possibility that overpayment amounts related to OIG investigations are not being posted accurately to the program record. For example, two of our recovery cases show different amounts between the ACIS data base and the program record. In the first example, the ACIS data base has the recovery amount posted as \$38,338, and the program record has the overpayment recorded as \$76,677. In the second example, the ACIS data base has the recovery amount posted as \$39,138, and the program record has the overpayment recorded as \$6,510. Without a policy in place to accurately communicate investigative overpayment information between SSA and OI, SSA can not be sure that their accounts receivable balance is accurately stated.


for James G. Huse, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Agency Comments

APPENDIX C - OIG Contacts and Staff Acknowledgments

Acronyms

ACIS	Allegation and Case Investigative System
ARS	Accounts Receivable System
DMS	Debt Management System
DoJ	Department of Justice
FY	Fiscal Year
MATPSC	Mid-Atlantic Program Service Center
MBR	Master Beneficiary Record
MOU	Memorandum of Understanding
OA	Office of Audit
OI	Office of Investigations
OIG	Office of the Inspector General
OUPS	Overpayment Underpayment Process System
POMS	Program Operations Manual System
RECOOP	Recovery and Collection of Overpayment Process
ROAR	Recovery of Overpayment and Accounting and Reporting System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: April 16, 2001

Refer To: SIJ-3

To: James G. Huse, Jr.
Inspector General

From: Larry G. Massanari
Acting Commissioner of Social Security

Subject: The Office of the Inspector General Draft Report, "The Accounting of the Social Security Administration's Funds Identified for Recovery as a Result of the Office of the Inspector General Investigations" (A-15-99-82016)—INFORMATION

Our comments on this report are attached. If your staff have any questions, they may contact Mark Welch on extension 50374.

Attachment:
SSA Comments

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S (OIG) DRAFT REPORT, "THE ACCOUNTING OF THE SOCIAL SECURITY ADMINISTRATION'S FUNDS IDENTIFIED FOR RECOVERY AS A RESULT OF THE OFFICE OF THE INSPECTOR GENERAL INVESTIGATIONS" (A-15-99-82016)

Thank you for the opportunity to review this OIG draft report. We agree that the process for accounting for recoveries relating to OIG investigations can be improved, and have begun working with OIG to develop the appropriate enhancements. Actions underway and planned that are responsive to the issues raised in this report are described below.

OIG Recommendations

Based on the information contained in this report, we recommend that:

1. The Office of Investigations (OI) management and the Social Security Administration (SSA) work together to develop, formalize and implement procedures regarding the calculation method for all amounts to be recovered as a result of investigative activities.
2. OI management and SSA work together to develop, formalize and implement procedures regarding the communication of the investigative activities to proper SSA personnel. We recommend that these procedures be incorporated in both SSA's Program Operations Manual Systems (POMS) and OI's Special Agent Handbook (SAH).
3. OI management and SSA work together to develop, formalize and implement procedures regarding the documentation that SSA is to provide to OI to verify that the funds identified for recovery were posted to SSA's Debt Management System (DMS). We recommend that these procedures be incorporated in both SSA's POMS and OI's SAH.
4. SSA needs to configure their DMS to allow OI to electronically determine what has been posted and paid as a result of OI investigations. This configuration should allow OI to determine if SSA has waived any of the funds identified for recovery by OI.
5. A periodic reconciliation between OI's Allegation and Case Investigative System (ACIS) database and the SSA DMS is advised.

Comment

We agree. SSA and OI have begun working together to improve all aspects of the process for accounting for funds identified for recovery as a result of OIG investigations. Our goal is to develop a business process that enables both SSA and OIG to identify, monitor, and control the cases. We want to achieve maximum collections and provide information such as the amount of debt collections on the cases involving court-ordered restitution, penalties, and fines. This project has been established as a key initiative in SSA's tactical plan to Combat Fraud.

OIG Recommendation

6. SSA should diligently pursue the withholding of a portion of the benefit checks for individuals in current pay status that owe debt to SSA.

Comment

We agree. When a beneficiary is in current pay status and incurs a debt, we start debt collection efforts by proposing to withhold 100 percent of the individual's monthly benefit (for Old-Age, Survivors, and Disability

Insurance beneficiaries - the corresponding maximum rate of withholding for Supplemental Security Income recipients is 10 percent). If the person can demonstrate financial need, we withhold a lesser amount. However, an agreement and business process must be developed between OIG, the Department of Justice (DOJ), and SSA for cases of court-ordered restitution because DOJ reserves the right to collect on those cases. We will address this issue within the joint SSA/OI workgroup noted above.

OIG Recommendation

7. SSA should establish procedures to post cases that do not involve a beneficiary record. (e.g. employee fraud)

Comment

We agree. SSA's 5-Year Systems plan contains an initiative to do what OIG suggests. We have formed a Debt Collection Workgroup to develop a process and system for controlling debts owed by individuals not entitled to Social Security benefits, such as employees who have committed fraud. The workgroup has begun the required planning and analysis.

Other Matters

Throughout the OIG draft report are statements referring to the responsibility of the DOJ to collect court-ordered restitution on behalf of client agencies. However, the report (page 6) also cites cases involving court-ordered restitution for which "SSA lost the opportunity to immediately collect amounts owed from current benefit payments." These statements reflect contradictory SSA/DOJ responsibility. As noted in the comments on recommendation number 6, we would like to work with OIG and DOJ to develop an memorandum of understanding that addresses this issue and maximizes the government's ability to recover in these cases.

On page 1 the report states that the objective of this OIG review was to assess SSA accounting for OIG investigative activities resulting from court-ordered restitution, scheduled recoveries, or fines. Since OIG's investigative activities result in court-ordered restitution, scheduled recoveries, and fines, we suggest that the statement of the review objective be modified to reflect the proper sequence of events.

In the report's discussion of the differences between the amounts of funds identified by OI investigations and amounts of SSA accounts receivable (page 4), it is unclear whether OIG considered certain items as possible, contributing reasons for some of the differences between amounts identified for recovery and recorded through ACIS and the DMS. To the extent that such items were considered by OIG, we suggest that the report be revised to reflect that they were examined as part of this review. For example, in court-ordered restitution cases, the amount that must be repaid to SSA may be less than the total overpayment made to the individual. Additionally, the amount may include a penalty or fine, and may include benefits overpaid to auxiliary individuals on the same earnings record. In the latter case, the overpayment would have been caused by actions of the convicted criminal.

The report suggests that there is a correlation between the lack of an SSA policy for notifying OI that a recovery has been posted and a misstatement of the Agency's accounts receivables (page 4, last paragraph). We don't agree that there is necessarily such a linkage. We suggest that the report provide an explanation of why such a cause-and-effect relationship exists. When we make a collection it is accounted for as such.

The report indicates (page 7) that OIG has made numerous requests of SSA to reconfigure the DMS to allow OIG to electronically determine what has been posted and paid as a result of OIG investigations, and that SSA has not placed this project in SSA's 5-year systems plan. SSA has several projects to improve our ability to account for debts and recoveries from non-entitled persons. SSA's Title XVI 5-Year Systems Plan includes Initiative No. 1561, Justice Department/Fraud Tracking, while SSA's Title II 5-Year Systems Plan includes Initiative No. 1371, Debts Owed by Non-Entitled Persons. Both are currently unscheduled initiatives. Also, as noted above in our comments on recommendation 7, we have convened a Debt Collection Workgroup to develop an approach and strategy to account for non-beneficiary (i.e., non-entitled debtors) debts owed to SSA.

OIG Contacts and Staff Acknowledgments

OIG Contacts

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(410) 966-6676

Vicki Vetter, Audit Manager, (410) 966-9081

Acknowledgements

In addition to those named above:

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Kristen Schnatterly, Staff Auditor

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For additional copies of this report, please contact Office of the Inspector General's Public Affairs Specialist at (410) 966-5998. Refer to Common Identification Number A-15-99-82016.

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Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency.

Office of Executive Operations

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from the Agency, as well as conducting employee investigations within OIG. Finally, OEO administers OIG's public affairs, media, and interagency activities and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.